

Message Text

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ACTION EA-12

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TAGS: EGEN, RP, US
SUBJECT: GOP FILES ESCHEAT PROCEEDINGS AGAINST BOA PROP-
ERTY

1. SOLICITOR GENERAL ESTELITO P. MENDOZA FILED JULY 14
ESCHEAT PROCEEDINGS FOR A GOP TAKEOVER OF A 3,000 SQUARE
METER PROPERTY ON MCKINLEY ROAD IN FORBES PARK WHICH THE
BANK OF AMERICA (BOA) HAD OWNED BUT DID NOT DIVEST AS A
RESULT OF THE EXPIRATION OF LAUREL-LANGLEY. PROPERTY
CONTAINS LARGE HOUSE AND WAS USED AS THE RESIDENCE OF THE
BOA MANAGER.

2. MENDOZA PETITION IS THE FIRST ESCHEAT PROCEEDING
AGAINST AN AMERICAN LANDHOLDING ACQUIRED UNDER LAUREL-
LANGLEY. ALL SUCH PROPERTIES, EXCEPT FOR OLDTIMERS LIV-
ING IN THEIR OWN HOMES, WERE SUBJECT TO DIVESTMENT ON
JULY 3, 1974, THE DATE OF EXPIRATION OF LAUREL-LANGLEY.
PRESIDENT MARCOS GAVE A GRACE PERIOD UP TO MAY 27, 1975
WHICH WAS SUBSEQUENTLY EXTENDED FOR ANOTHER YEAR.

3. PRESS AND EDITORIAL COMMENT HAVE STRESSED THE EVIDENCE
OF FILIPINO AND PRESIDENTIAL MAGNANIMITY, AND THAT THE
ESCHEAT PROCEEDINGS CANNOT BE DEEMED ARBITRARY OR CON-
FISCATORY. ESCHEAT PROCEEDINGS WERE CONSIDERED NECESSARY
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FOR THE GOP TO AFFIRM THE MAJESTY OF ITS LAWS, PARTICU-
LARLY THE CONSTITUTION.

4. BOA OFFICER TOLD EMBOFF THAT HE HAD INHERITED A
VOLUMINOUS FILE A YEAR AGO WHEN HE ARRIVED IN MANILA.
HE STATED THAT BOA INACTION WAS NOT A DELIBERATE ATTEMPT
TO GET AROUND PHILIPPINE LAWS. BOA OFFICIALS AND THEIR

LAWYERS HAVE DISCUSSED THE PROPERTY WITH BOTH BOARD OF INVESTMENTS AND MENDOZA FOR THE LAST THREE YEARS. OTHERWISE HE WAS NOT VERY INFORMATIVE ABOUT THIS ASTOUNDING DEVELOPMENT AFFECTING AMERICA'S LARGEST BANK.

5. COMMENT. WHETHER IT WAS A BUREAUCRATIC SNAFU OR A HOPE FOR CONTINUED OWNERSHIP, BOA HANGING ONTO PROPERTY IS INEXPLICABLE IN THE FACE OF DIVESTMENT BY ALL OTHER U.S. COMPANIES. ALTHOUGH THERE WAS SOME WILD TALK IN 1975 ("LET THEM TAKE MY HOUSE AWAY"), EVENTUALLY EVERY U.S. COMPANY DIVESTED AS FAR AS WE KNOW. SURFACING OF BOA CASE CAME AS A SURPRISE, AND WE HAVE SUGGESTED GENTLY TO BOA THAT IT FIND A GRACEFUL WAY OUT. SEPTTEL FOLLOWS ON SEPARATE PROBLEM WHICH BOA FACES IN DISPOSING OF ITS 30 PERCENT SHARE IN INSULAR BANK OF ASIA AND AMERICA. END COMMENT. MURPHY

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